

# FRACTIONAL CURRENCY COLLECTORS BOARD

## Winter 2013

### Taking Over the Reins...

First of all, I would like to thank Mike Marchioni, for his many years serving as the FCCB President. I also have to thank the following members for all there help over the years and their continued help with the club: Bill Brandimore, Jerry Fochtman, and Dave Treter, just to name a few.

My main goal serving as the FCCB President will be to promote our club, as well as the education, collecting in our undervalued field of numismatics (price compared to rarity) and the history of postage and fractional currency. To help do this we need more articles for our newsletter from as many of our members as we can get. Did you find any good notes at a bargain price at a local show for example, or stumble into an old newspaper clipping or article? Take a few minutes and write a story about it and pass it along to Jerry, our newsletter editor!

We also need to increase our membership! To do this, we all have to become promoters of our corner of paper currency. In that vain, I'm challenging our members to sign-up new members! They may be collectors in other fields, or perhaps someone that just showed some interest in postage/fractional currency. If you can provide me with the name and mailing address, I'll make sure that they receive a complimentary copy of our current newsletter, membership form, and an invitation to join us!

Now the challenge: whoever signs-up the most new members by our annual club meeting at the Memphis Paper Money Show I will treat them and their guest to dinner at one of the best restaurants in Memphis! To help you get started, there is a FCCB membership form included with your newsletter. Place your name on the form as the person recommending the person for membership, make yourself a bunch of copies, and go promote FCCB!

Speaking of Memphis, also enclosed with the newsletter is an Exhibitor Application for the Memphis show on June 13<sup>th</sup>-16<sup>th</sup>. The postage and fractional currency and related material exhibits are always very popular, and I think the highlight of the show. FCCB member Mart Delger has served as Exhibit Chair for 34 years, or every year since the Memphis show began. So don't delay...develop your idea for an exhibit and get your application in before the May 13<sup>th</sup> deadline!

Finally, it's that time again for our members to submit their annual dues of just \$15. If the mailing label on your newsletter envelope indicates that your dues were "Paid Thu: 2012", you should take a few minutes, write-out a check payable to FCCB, and mail it in the enclosed pre-addressed envelope to our treasurer, Dave Treter. If you've grown weary of this annual ritual, why not make life simpler and become a Life Member for the bargain price of \$200! Whatever your choice, place this envelope in your monthly bill-payment pile so you'll remember to send-in your membership renewal!

Enjoy your notes!

*Rob*

FCCB Newsletter  
c/o Jerry Fochtman  
2818 Mountain Green Trail  
Kingwood, TX 77345  
(281) 361-8948  
jerry@fochtman.us

# Friedberg's "Paper Money of the United States"

## Numbering Anomalies

By

*Rick Melamed*

(Editor's Note: This is the Third Part of Multi-Part Series)

### 7. Fr.1362/Fr.1362a and Fr.1365/Fr.1365a: 50¢ Green back Justice notes with Loop/No Loop variety.

Not listed in any PMUS editions

It's not surprising that this variety was never referenced in *PMUS*. Milt catalogued it as 3R50.10j. It's somewhat esoteric but with further analysis, it proves to be a legitimate variety and should warrant its own category. Apparently collectors feel the same. An Fr.1365a in Choice AU sold at a Heritage Auction in 2005 and fetched \$1,840 – which is 10x the value of a regular Fr.1365 in similar condition. Fr.1362a/Fr.1365a does not show up in any Friedberg reference, but most certainly should.

The no loop variety (Fr.1362a/Fr.1365a) refers the signature loop at the end of Spinner's name that usually extends in the very left of the adjacent note on the bottom left. FCCB Treasurer, David Treter offers a very good explanation of how this came to be in article published on his website. <http://www.myfractionalnotes.com/match.html>

David has allowed me permission to reprint as follows:

*The Justice series of fractional currency comprises over thirty different varieties. This complex series was printed on two different papers, one being plain paper and the other being fiber paper. This series is also known for its red and green printed reverses with several varieties of the red reverse having autograph signatures on the obverse. Bronze surcharges were also used on the red and green reverses to add different varieties. When the notes were printed, two design figures, '1' and 'a', were added to the printing plate. Because of these design figures, the Justice notes either have the '1-a', '1', 'a' or no design figures on them.*

|       |   |   |
|-------|---|---|
| 1 + a | a | a |
| 1     |   |   |
| 1     |   |   |
| 1     |   |   |

50 Cent Spinner + Justice Notes

*The normal layout for the printing plates for Justice and Spinner notes used a configuration for twelve notes per plate consisting of three columns of four notes. The top row of notes had the design letter 'a' in the lower left corner of each note and the left column used a design number '1' on the left side of each note in that column. (See figure on left) When the printing plates were engraved with Spinner's very flowing and distinctive signature, his signature loop extended onto the adjacent note to its right. Any note in the left column would not have this extended loop.*

*Therefore, all '1-a' and '1' notes due to the layout on each plate would not have the extension of the signature loop. All other notes on the plate (with no design figures and design letter 'a') would have the extended loop on the left side of the note. (see note on right).*

...Continued on Page 4

# HERITAGE<sup>®</sup>

## CURRENCY AUCTIONS

Fractional Currency for every collector.  
Visit us at [HA.com/Currency](http://HA.com/Currency)



Fr. 1268 15¢ Fourth Issue  
PMG Choice Uncirculated 63 EPQ.0  
**Realized \$1,527**



Fr. 1313 50¢ First Issue  
PMG Gem Uncirculated 65 EPQ.  
**Realized \$2,350**



Fr. 1310a 50¢ First Issue  
PCGS Very Choice New 64PPQ.  
**Realized \$4,112**



Fr. 1281 25¢ First Issue Full Sheet of Sixteen  
PMG Superb Gem Unc 67 EPQ.  
**Realized \$7,050**

Fr. 1383 Fractional Currency Shield,  
With Pink Background.  
**Realized \$22,325**

To consign to an upcoming auction call a  
Consignment Director 800-872-6467 Ext 1001

Free catalog and *The Collector's Handbook* (\$65 value) for new clients. Please submit auction invoices of \$1000+ in this category, from any source. Include your contact information and mail to Heritage, fax 214-409-1425, email [CatalogOrders@HA.com](mailto:CatalogOrders@HA.com), or call 866-835-3243. For more details, go to [HA.com/FCO](http://HA.com/FCO).

Annual Sales Exceed \$800 Million | 750,000+ Online Bidder-Members

3500 Maple Avenue • Dallas, Texas 75219 • 800-872-6467 • [HA.com](http://HA.com)  
DALLAS | NEW YORK | BEVERLY HILLS | PARIS | SAN FRANCISCO | GENEVA

THE WORLD'S LARGEST NUMISMATIC AUCTIONEER

**HERITAGE** HA.com  
AUCTIONS

TX Auctioneer licenses: Samuel Foose 11727; Robert Korver 13754; Andrea Voss 16406.  
HERITAGE Reg. U.S. Pat & TM Off. This auction subject to a 17.5% buyer's premium.



[HA.com/FBCurrency](https://www.facebook.com/HA.com/FBCurrency)



[HA.com/Twitter](https://twitter.com/HA.com)



PLATE 62

|   |  |  |
|---|--|--|
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |
| a |  |  |

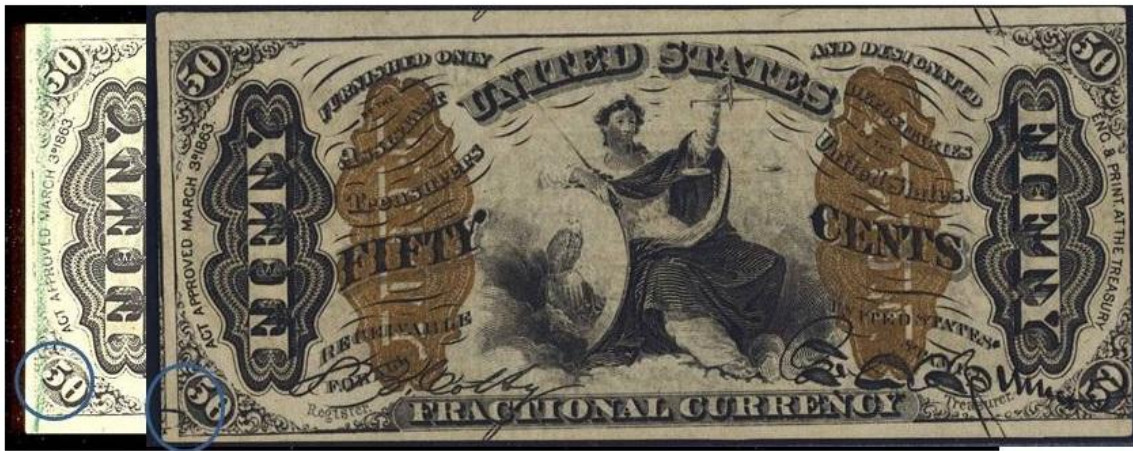
When Martin Gengerke researched and examined the plate proofs at the Bureau of Printing and Engraving, he found two plates, #5 and #62, that were of a different configuration. They were not of the usual 12 note layout but rather had a configuration of thirty notes. Each of these two plates had three columns of ten notes. What was different is that plate #62 used only a design letter 'a' in the left column and plate #5 used a design letter 'a' in just the top row. These two plates did not use design number '1' at all. This can be seen in figures to the left and right. Please remember that there would be no '1-a' notes from these two plates. When you add Spinner's flowing signature to these two plates, it is

PLATE 5

|   |   |   |
|---|---|---|
| a | a | a |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |

now possible that there would be a no-loop variety with the design figure 'a' if notes were printed from this plate. Also since plate #5 had no design figures in the left column, with the exception of the top left note, it is also possible that a no-loop variety exists for a Justice note with no design indicators on it. If any Fr.1362 or Fr.1365 notes were found that didn't have the extended loop onto the left side of the note, it would have to come from one of these two plates. If an example of a no-loop Fr.1362 were found, it definitely would have come from plate #5. If an example of a Fr.1365 no-loop note were found, it would have come from either plate# 62 or #5. This is contrary to what would found on the normal plate layout.

The question of "Were these two plates ever used in the production of Justice notes?" has been answered. Two sub-varieties of this series have been found which shows that these two plates were used in this specific series of Justice notes. This series consists of Friedberg numbers Fr. 1362-65. These notes were printed on plain paper with green reverses and compactly spaced surcharges of 'A,2,6,5' on its reverse. The Fr. 1362a is the no-loop variety with no design indicators. The Fr. 1365a is the no-loop variety with the design letter 'a' at the left of the note. To date, the Fr.1365a has only three known examples with the one shown below which came from O'Mara's collection and it being the finest known and grades a nice AU. The Fr.1362a also shown below is unique with only one known example being XF. The Fr.1362a could only come from plate #5. The Fr.1365a could have come from plate #5 but it is very unlikely that it did so. There are more known examples of the Fr.1365a, 3:1, than the Fr.1362a. Statistically, this suggests that it would have come from Plate #62. To be able to confirm that a note is the no-loop variety, it must have an adequate or ample left margin. Since the Justice notes were closely spaced to each other on each sheet and they were hand cut, many notes do not have enough margin on the left side to be able to accurately determine these two very rare varieties.



FR1362a No Loop/FR1362 With Loop



FR1365a No Loop/FR1365 with Loop

Note from FCCB President Mike Marchioni on other no loop varieties:

*I have a discovery piece of the Fr. 1366 (there are 2 known – Author note: ‘Fr. 1366a?’) with offset printing on the left side (showing that it was a note at the edge of a sheet. There are other oddities in this series—you have probably seen rather wide margined Fr. 1369 notes (there must have been one plate that had wider than normal distances between notes), some of which the loop barely comes into the margin (i.e., something that could be easily trimmed to make a no loop Fr. 1369). I have yet to find a “no loop” “on loop” note—i.e., no loop from the Spinner “r” and no loop at the top from the Spinner “p”.*

**...To Be Continued In Our Next Issue...**



# FUN 2013

By

*Jim Polis*

FUN 2013 was certainly a blast as it was the first time in a few years that fractional currency collectors and dealers had a broad selection of notes to add to either their collections or inventories. Enough time has now passed that the O'Mara sale and the dispersal of the Ford/Boyd collection are considered lore of yesteryear. Once again, there were very few of the usual fractional coterie in attendance at the show or auction. There may have been some people that I did not see since the bourse floor covers such an expansive area but I did manage to run into Mike and Art on more than one occasion. I perused most of the bourse but did not see too many dealers with advanced offerings of fractional currency. As usual, Tom Denly, Don Kagin and Trusted Traditions had quite an array of notes to choose from in our collecting field but my rate of success in finding anything was less than anticipated.

This brings us to the auction itself. Since I am a very active participant in virtually all aspects of the currency market, and particularly the fractional currency market, I tend to gain a perspective that isn't seen by most collectors or other dealers. When one attends most major shows and their corresponding auctions, a unique point of view is obtained that cannot be surmised simply by viewing the prices realized of a sale. One needs to see who is doing the bidding and at what price levels there are many bidders and at what levels most of the generic bidding subsides. All of the major auction houses have a Live Internet bidding component that is so firmly entrenched in how they operate their business that it has forever altered the means by which one can analyze market activity. Many collectors and dealers now hide behind their computer screen and bid in a sale while keeping secret their identity. You no longer know if you are bidding against a more knowledgeable source or if you are butting heads with the ultimate collector who is far outpacing the market in his pricing structure.

The Heritage sale in and of itself was a landmark event both in terms of the breadth of material offered as well as the total prices realized. It ended up bringing a total of over \$11.5 million, a significant portion of which was spawned by the first ever currency Platinum Night. Heritage has used this idea for several years for their higher value coins but not for currency. Adjectives fail your writer in describing the excitement and near jubilation on that Friday night as rabid market participants routinely outmaneuvered each other trying to obtain the best small size and large size type notes. It must have been a rousing success since Heritage is now slated to have another such event at their upcoming Central States sale in late April. Perhaps due to the survival of the cataclysmic Mayan end of the world prediction or the temporary reprieve of the dreaded fiscal cliff crisis, bidders came to each auction session raising their bidder cards with both hands. Prices realized for almost every segment of currency collecting ranged from strong to someplace in the outer bands of the Earth's atmosphere.

This brings us to the most important auction session for FCCB members. Most of the fractional currency for sale, particularly in the floor session, was from *The Paragon Collection*. It was a collection that had been compiled in the past half dozen years and which concentrated on collecting Top Pop caliber notes. This gentleman's collection consisted of most all of the regular issue notes and virtually all of the wide margin specimen types. Rarity was not a roadblock to locating high-grade examples as even some of the toughest notes were found with great grades. While there were several of the usual suspects bidding in the auction room, I confirmed with several other dealers of high-caliber notes that they participated vigorously due to the fact that they

had not seen so many Top Pop and superb gem fractionals in one offering. Having done this now for 15 years, your writer would be remiss in keeping secret the accuracy (or lack thereof) of some of the third-party grades, with one of the services in particular being a repeat offender. The grades on several notes ranged from being slightly overgraded to so poorly graded as to warrant the grading finalizer a spot in the pillory of the town's public square.

With that said, the prices realized were little affected by the actual quality of the note but rather were determined by the number on the plastic holder. From start to finish the prices realized ranged from strong to spectacular. Some of the prices that stuck out in my head as being well beyond the statistical mean are as follows: Fr. 1312 in PMG Superb Gem UNC 67 EPQ for \$1,645, Fr. 1232 in PCGS Superb Gem New 67PPQ for \$1,292.50, Fr. 1318 in PCGS Superb Gem New 67 PPQ for \$1,997.50, Fr. 1238 in PCGS Superb Gem New 68 PPQ for \$2,232.50, Fr. 1331 in PMG Superb Gem UNC 68 EPQ for \$1,821.25, and most of the more common fourth and fifth issue notes in superb gem grade. What this shows is that the longstanding trend that the "best of the best" notes continue to bring the best prices is still alive and well. If a note has both rarity and grade, there is a synergistic effect that propels its value ever-higher due to the desires of Registry Set collectors and others who want great notes as representatives in their collections.

As for what is coming up in the near future, my understanding is that both Lyn Knight and Stacks have several nice pieces of fractional currency in their separate March sales. As of this writing it is still a little too early to know what Heritage will have upcoming in its Central States sale but if past history is any indicator of future offerings then my guess would be there will be plenty of fractionals for everyone to enjoy.

I invite your questions and/or comments to [JPolis7935@aol.com](mailto:JPolis7935@aol.com).



## **Attention All Postage/Fractional Enthusiasts!**

The Memphis International Paper Money Show is June 14<sup>th</sup>–16<sup>th</sup>. It's time to make your plans to attend this all-important show and join your fellow Postage/Fractional Currency enthusiasts in Memphis! Don't forget to submit your exhibit entry form and share your interests on one of the many facets of this part of our numismatic history as well as join the other FCCB members at our annual meeting.

Come join your fellow club members for fun, fellowship, and a darn good time!

# **JAMES POLIS IS BUYING AND SELLING** **FRACTIONAL CURRENCY**

I am one of the strongest buyers in this field. Take a look at any major auction or show at who is buying fractionals in all grades and you will usually hear my name or see my face. Please send me your notes for a fair and expedient offer.

I am passionately looking for all scarcer varieties as well as Choice-Gem  
Uncirculated Type Notes for my customers.

*First Issue Perforated Notes*

*Gem Second Issue Notes with clear surcharges*

*Attractive and broadly margined Spinner notes*

*All Justice varieties*

*High grade Washington, Lincoln and Stanton Notes*

**ALL WIDE AND NARROW MARGIN SPECIMENS**

**ALL GRANT – SHERMAN SPECIMENS**

## **WHY WOULD YOU WISH TO DEAL WITH ME?**

### **PROFESSIONALISM**

It is my promise to you, the customer, that you will always be treated with the most ardent professionalism regarding all matters.

### **AFFILIATION**

I am a member of the Professional Currency Dealers Association, Society of Paper Money Collectors, Fractional Currency Collectors Board, and American Numismatic Association.

### **CONSERVATIVE GRADING**

I am one of the most conservative graders in the hobby (ask anyone who has ever dealt with me).



**AUCTION REPRESENTATION**

Very competitive rates offered – I am at every major paper money auction

**MAJOR ADVERTISER**

Check out my full-page ad on *page 17* in every issue of the Bank Note Reporter.

**WANT LISTS SERVICED**

I attend many of the major shows and auctions to satisfy my customer's collecting needs.

The following is a small sampling of some prize notes that I have placed into customer's collections:

*Marchioni* Fr. 1248 Choice CU

Fr. 1299 Very Choice CU

*Gengerke* Fr. 1330 Gem CU

Fr. 1336 Choice CU

*O'Mara* Fr. 1339 NM Specimen Reverse AU

Fr. 1340 Superb Gem CU

Fr. 1348 Choice CU

Fr. 1368 Gem CU

*O'Mara* Fr. 1371 Choice AU

***James Polis***

4501 Connecticut Avenue, NW Suite 306

Washington, D.C. 20008

(202) 363 – 6650

Jpolis7935@aol.com

# Unique Stanton Note with Partial Reverse Sheet Plate Number Discovered

By

*Rick Melamed*

Being an avid collector of fractionals over the past 25 years, there is a constant that repeatedly presents itself. That constant is there is always something new waiting to be discovered in our beloved hobby.

Once again, from eagle eye FCCB collector Bob Laub, a Stanton fractional has been discovered displaying a partial sheet plate number on the reverse. To our collective knowledge, this has never been documented before. Bob indicated that he has talked to a number of experts in our hobby, none of which have ever been able to confirm the existence of any reverse sheet plate numbers on any Stanton notes, either full or partial. Coincidentally, a couple of issues ago Bob asked that I report the existence of a Stanton note with an inverted Plate # 21 on the notes' obverse.

While more than half of the sheet plate number is cut off, there is enough there to state that it is either a "10" or an "18. Note the large spacing between the numerals.

We are lucky to have this lone example. Its existence can be attributed to the presence of some of the selvage on the Stanton sheet. Apparently only partially trimmed. Too bad we don't have the entire sheet plate number. I think it is also worth mentioning not only are there no UN-cut sheets of Stanton notes known to have survived, there are no documented examples of any UN-cut multiples of the Fr. 1376 (only single notes). This note could prove to be a lone example of a reverse sheet plate number. Certainly it is the first documented example to appear in over 140 years since the Stanton notes were first released to the public. A very cool discovery indeed and hopefully of interest to the community.



Who was Stanton? Here is a short bio of Stanton courtesy of Wikipedia:

*Edwin McMasters Stanton (December 19, 1814 – December 24, 1869) was an American lawyer and politician who served as Secretary of War under the Lincoln Administration during most of the American Civil War. Stanton's effective management helped organize the massive military resources of the North and guide the Union to victory.*

*After Lincoln's assassination, Stanton remained as the Secretary of War under the new President Andrew Johnson during the first years of Reconstruction. He opposed the lenient policies of Johnson towards the former Confederate States. Johnson's attempt to dismiss Stanton ultimately led to President Johnson being impeached by the House of Representatives. Stanton returned to law after retiring as Secretary of War, and*

*in 1869 was nominated as an Associate Justice of the Supreme Court by Johnson's successor, Ulysses S. Grant; however, he died four days after his nomination was confirmed by the Senate.*

### **Law and politics**

*Stanton's legal career would bring him to practice in Ohio, then Pittsburgh, and finally in Washington, D.C. In 1856, Stanton moved to Washington, D.C., where he had a large practice before the Supreme Court. In 1859, Stanton was the defense attorney in the sensational trial of Daniel E. Sickles, a politician and later a Union general, who was tried on a charge of murdering his wife's lover, Philip Barton Key II (son of Francis Scott Key), but was acquitted after Stanton invoked one of the first uses of the insanity defense in U.S. history.*

*Stanton was sent to California in 1858 by the US Attorney General as special Federal agent for the settlement of land claims, where he succeeded in breaking up a conspiracy to defraud the U.S. government of vast tracts of land of considerable value.*

### **Attorney General**

*In 1860 Stanton gave up a successful law practice and was appointed United States Attorney General in the lame-duck presidential administration of James Buchanan. He strongly opposed secession, and is credited by historians for changing Buchanan's governmental position away from tolerating secession to denouncing it as unconstitutional and illegal.*

### **Time of war - Civil War**

*After Lincoln was elected president, Stanton agreed to work as a legal adviser to the inefficient Secretary of War, Simon Cameron, who was reassigned by Lincoln because of allegations of corruption. Cameron was replaced by Stanton on January 15, 1862. He accepted the position only to "help save the country." He was very effective in administering the huge War Department, but devoted considerable amounts of his energy to the persecution of Union officers whom he suspected of having traitorous sympathies for the South, the most famous of these being Maj. Gen. Fitz John Porter. Stanton used his power as Secretary to ensure every general who sat on the court-martial would vote for conviction or else be unable to obtain career advancement.*

*On August 8, 1862 Stanton issued an order to "arrest and imprison any person or persons who may be engaged, by act, speech or writing, in discouraging volunteer enlistments, or in any way giving aid and comfort to the enemy, or in any other disloyal practice against the United States."*

### **Lincoln's assassination**

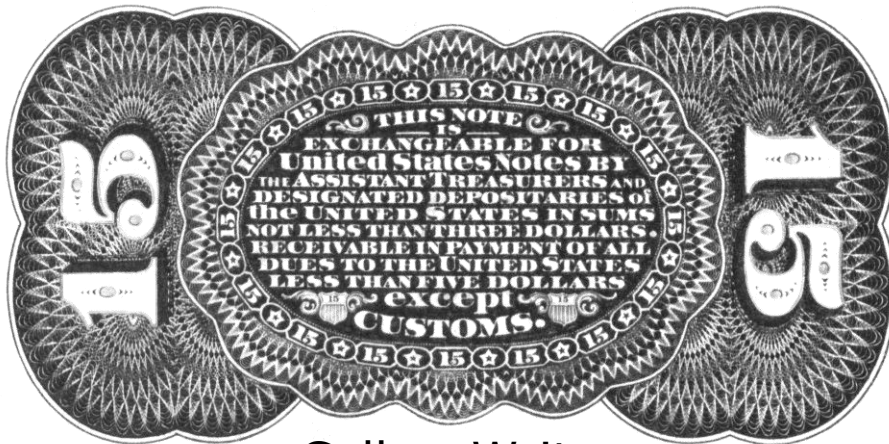
*On April 15, 1865, Stanton rushed to the Petersen House, where President Lincoln had been taken after he had been shot at Ford's Theatre. The Secretary of War took charge of the scene. Mary Lincoln was so unhinged by the experience of the assassination that Stanton had her ordered from the room by shouting, "Take that woman out and do not let her in again!" At Lincoln's death Stanton uttered what became a memorable quote, "Now he belongs to the ages," and lamented,[3] "There lies the most perfect ruler of men the world has ever seen." He vigorously pursued the apprehension and prosecution of the conspirators involved in Lincoln's assassination. These proceedings were not handled by the civil courts, but by a military tribunal, and therefore under Stanton's tutelage. Stanton has subsequently been accused of witness tampering, most notably of Louis J. Weichmann, and of other activities that skewed the outcome of the trials.*



# Buying & Selling



## U.S. Fractional Currency



Call or Write

## Rob's Coins & Currency

P.O. Box 6099

Chesterfield, MO 63006

314/878-3564

Robert J. Kravitz,

SPMC LM 294 • ANA LM 5361



# Fr.1291 Worthless Specimen - Or is it?

By

*Rick Melamed*

I know it becomes repetitive when one keeps saying this...but it is true once again. One of the great things about fractional is there is always something new around the corner. What we have here is an FR1291-Specimen, narrow margin.



But it has the undeniable WOW factor with a large "WORTHLESS" punched in the note. Now that is unusual to say the least and nothing that this writer has ever seen before. This is a recent find on eBay and from the looks of the note, maybe a VF...worth \$50.00 without the "WORTHLESS".

The first question one would ask, is it counterfeit? Probably not; if that was the case, then one would think it would be stamped counterfeit.

Another opinion is that the note was brought into a bank in the late 19<sup>th</sup> century. Picture this scenario: a person receives the note in trade and thinks he/she has 25¢ (not a lot but not an insignificant amount at the time). The person realizes that the note is a specimen and has no intrinsic monetary value. Said person brings the note to the bank to redeem for 25¢ in silver coin. The bank teller is duped because he never has seen a Specimen note and takes it literally for face value. The bank teller later discovers that the note is not actual currency and realizes it has no monetary value. He is probably chewed out by his boss and punches the note "WORTHLESS". The 25¢ comes out of the tellers pocket to cover his gaffe and he is left with a souvenir.



A third opinion might be that this was a recent modification of the note to spur collector interest. It's entirely possible since these kinds of punches were used for years on cancelled checks. While the note has definite wear, the actual punch-outs do not exhibit wear. It leads one to believe that the "WORTHLESS" was punched after the note had been around for a while. But was it done recently or 125 years ago?

So we are left with a note with a hazy history. Cool stuff. By the way, the note sold for \$54.00...so most assuredly any modification to the specimen note did not enhance or detract from its value.



# The True Order of Postage Currency

By

*Rob Krawitz*

If you look at the scarcity and rarity of the postage notes, it is easy to know which notes were issued first. By far the rarest first issue notes are the straight edge/without monogram notes! The first notes were delivered as full sheets without perforations (to save time in getting the notes out) to the army paymasters.

In the late 1960s I started learning history and more, with thanks to Eric P. Newman's amazing library. The first thing he showed me was a Pennsylvania newspaper dated September 1862. He said "turn to page 7, left page about half way down." The paper said that the first postage currency was issued in sheets to the army paymasters, late August 1862. The paper also said that in order to make change the sheets had to be cut up.

The following is from John Jay Knox (Clerk at the Treasury Dept. – 1862; Deputy Comptroller of the Treasury – 1867; Comptroller of Currency – 1872-1884) from his book "United States Notes" published in 1885: "On account of the scarcity of one and two dollar notes and of fractional (postage) currency, whole sheets of these notes, when they were first issued, were paid to the army, and subsequently were cut that four 25¢ notes were used in place of a one-dollar bill, and four 50¢ notes in place of two dollar notes and in this form considerable amounts were paid out."

The army paymasters cut the sheets up into \$1 and \$2 notes, as well as individual 5¢, 10¢, 25¢ and 50¢ notes, and used them. That is why today these straight edge/no monogram notes are the hardest 1<sup>st</sup> issue notes to find, much less if you want a nice UNC let alone finding a GEM! For example, when Milt Friedberg sold his amazing collection, his Fr. 1282 25¢ note was only an AU example!

None of these sheets must have made it to the public, as there are no sheets known for the straight edge/no monogram variety (Fr. 1231, Fr. 1243, Fr. 1282, Fr. 1313). If they did make it to the public, then why weren't any sheets saved, or in the well-known early collection sales or auctions? There are a few sheets of each of the perforated varieties known and a bunch sheets of the straight edge/monogram variety.

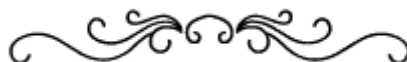
A few weeks after the sheets were issued to the army, it was decided to perforate the sheets in order to facilitate the separation of the notes for the public. Shortly after that, the Secretary of the Treasury, as a security precaution, directed that the making of the notes should not be done by just one company (the National Bank Note Company). Therefore, the faces should be executed by the National Bank Note Company and the backs by the American Bank Note Company as indicated by the lettering "ABNCo" which was added to the reverse.

Just a few weeks later, it was decided that the perforated notes tore too easily and the perforations made it difficult to stack the notes. So again, the notes were produced without perforations, but this time included the "ABNCo" monogram. This went on for the next six months, until May 27<sup>th</sup>, 1863. This is during the time that the production levels of these notes was high in order to meet demand, and why the straight edge/monogram notes are the most common 1<sup>st</sup> issue notes.

In Milt Friedberg's book "The Encyclopedia of Postage and Fractional Currency", he indicates that "the above sequence was defined in a recently discovered document of a Congressional Committee" although he did not specifically identify the document or the committee.

In addition, Walter Breen (one of, if not the best numismatic researcher) said the following in the July 18<sup>th</sup>, 1972 issue of Numismatic News: "The above historical circumstances enable us to say with certainty that the true order of the manufacture and issue for postage currency notes in each denomination was 1<sup>st</sup> no monogram/straight edge, 2<sup>nd</sup> no monogram/perforated, 3<sup>rd</sup> with American Bank Note Co "ABNCo"/perforated and 4<sup>th</sup> with American Bank Note Co. "ABNCo"/straight edge.

As you look at the rarity and scarcity of the postage notes, this is the only order that makes sense.



## Member's Trading Post

|   |  |   |
|---|--|---|
| <p>Looking for Graphics of Satirical Notes and other Rare Fractional Items for Historical Digital Collection Effort.</p> <p>Jerry Fochtman<br/><a href="mailto:jerry@fochtman.us">jerry@fochtman.us</a></p> | <p>Researcher/Collector interested in ALL fractionals with inverted or mirrored plate numbers. If you have one (for sale or research) please e-mail <a href="mailto:riconio@yahoo.com">riconio@yahoo.com</a> or call 818/591-2326.</p> <p>Thanks – Rick Melamed.</p> | <p>Want lists serviced and auction representation with over 40 years of Fractional experience</p> <p>Mike Marchioni<br/><a href="mailto:Marchion@ETSU.EDU">Marchion@ETSU.EDU</a><br/>423/439-5362</p> |
|   | <p>Wanted: FR1374 (Lincoln) Counterfeits notes, scans, clippings, info, etc.</p> <p>Fred Reed (FCCB #55)<br/><a href="mailto:Freed3@airmail.net">Freed3@airmail.net</a><br/>P.O.B 118162<br/>Carrollton, TX 75011</p>  |   |

Current FCCB Members are welcome to submit requests for the Trading Post!

# GEM FRACTIONALS/HERITAGE FUN AUCTION

## JANUARY 2013

By

*Rick Melamed*

This article is written in 2 sections. The first part is on 12/7/12 and before the FUN 2013 auction by Heritage.

### 12/7/12

So what is a GEM note these days? In the days before the grading services a GEM note meant perfect paper, good even margins, no toning, no handling nor folds or creases. It had to have pointy corners and have great eye appeal. However, in the present world of grading, the delineation between grades of gem has been refined to a point bordering on absurdity. Well, maybe absurd is too strong a word...but please judge for yourselves:

According to PMG, the following is the criteria for GEM classification today:

|                     |  |
|---------------------|--|
| 70 Seventy Gem Unc  | The highest grade assigned. Notes have 50/50 margins and registration, and no handling.  |
| 69 Superb Gem Unc   | This note may be nearly visually indistinguishable from a 70; however, margins or registration just minutely off. No handling. |
| 68 Superb Gem Unc   | Margins or registration are off slightly to the naked eye. No significant handling.  |
| 67 Superb Gem Unc   | Great color and eye appeal. A well-centered original note. May have very minor handling.                                       |
| 66 Gem Uncirculated | Above average original note held back from superb quality due to handling and / or margins and registration.                   |
| 65 Gem Uncirculated | Strictly original note with great color and eye appeal. May have one or two minor distractions. Centering is above average.    |

And for equal time, according to the other major grading service - PCGS, the following are the definitions for GEM:

### **Perfect New 70**

*The "70" grade is essentially a perfect note. The note will be entirely original, with broad, perfectly even margins on all four sides, sharp corners, bright colors, outstanding eye appeal, and literally perfect paper quality with no trace of even the smallest fault. Perhaps only the most modern notes will attain this grade, and even then it will be a rare occurrence.*

### **Superb Gem New 69**

*A "69" will be nearly as perfect as a "70", but a very minor fault such as a barely measurable imperfection in the centering or a tiny, almost unnoticeable crinkle in the paper will keep such a note from absolute perfection.*

### **Superb Gem New 68**

*A "68" is basically as nice and as close to perfection as a "69", but a minor fault may be present, such as tiny handling mark, an edge bump, or a very small counting crinkle. Otherwise, a "68" will be flawless, with near perfect centering, bold colors, excellent eye appeal, and full originality. Despite the mention here of trivial flaws, one should remember that a "68" is an essentially perfect note. It is the highest grade that can reasonably be expected for many series, including most large size type notes.*



## Superb Gem New 67

*A "67" should have broad margins for the issue, with excellent centering that is nearly perfect at a glance. The colors and eye appeal should be bold and attractive, and the originality should be unquestionable. Bold embossing (where applicable) must be evident. One or more tiny handling marks may be present, an edge or corner bump may be noticed, or there may be a tiny counting crinkle evident, but any fault that is distracting to the naked eye or that detracts from the overall appearance will prohibit a note from attaining the Superb grade.*

## Gem New 66

*This grade level signifies a note that is superior to an "average" Gem note, but that can't quite reach the Superb level because of some minor fault such as a counting crinkle, handling mark, or corner bump. A "66" may have terrific centering but just not the broad margins of a Superb grade, or it may be a broadly margined example that is just a tiny bit off center. A "66" should retain full originality, although the embossing may not be quite as strong as on a Superb Gem. The colors and eye appeal should still be well above average.*

## Gem New 65

*A Gem note is one that at first glance appears perfect. After examination, however, one or more minor faults may be noticed that keep the note from attaining a higher grade. Such minor faults may include a counting crinkle, minor edge handling, faint handling marks or finger smudges, or very minor rounding of the corners. The centering should be well above average, although minor imperfections in the centering are permissible if the margins are broad. Embossing may or may not be present, but notes at this grade level will not receive the "PPQ" label if they are not fully original. An otherwise Superb note that has been pressed or is flat with no embossing may receive a "65" grade without the "PPQ" modifier. Notes in this and any New grade will, of course, have absolutely no folds or bends through the design. It should be stressed that although notes at this grade will (by definition) be less than perfect, they will still be above average notes that may appear to the average viewer to be pristine.*

Personally I disagree to some extent on their definitions. If a note is superb gem (67 or 68) it should have no handling whatsoever. It seems that the grading services gave some additional criteria to justify the different grades. Perhaps there should be 2 or 3 grades of gem, not 6. It is interesting to note that there are 4 grades of AU (50, 53, 55, 58); but there are 11 classifications for uncirculated (60-70). Why is that? Simply, because that's where the money is at.

Now the better question is what is a GEM note worth today? Unfortunately the field of fractional currency has fallen victim to grading mania that has consumed the coin world for years. Pricing of notes graded 66 or 67 are through the roof. Everyone wants the best note for their collections, but at what price?

In the last 10 years, prices have tripled and sometimes quadrupled.

Check out these auction prices for PMG or PCGS 66 graded notes...for common varieties:

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Fr.1232 - \$920   | Fr.1266 - \$322   | Fr.1283 - \$748   |
| Fr.1374 - \$4,715 | Fr.1331 - \$1,380 | Fr.1328 - \$1,955 |
| Fr.1267 - \$805   | Fr.1242 - \$1,006 | Fr.1310 - \$2,185 |

This brings us to the 2013 Heritage FUN Show auction. Heritage has the largest consignments of fractional in quite some time. Many of the notes are in GEM to Superb GEM condition. This in and of itself should be a very exciting time in the fractional community. However, part of me and some of my fellow fractional friends are somewhat dismayed. We welcome the opportunity to buy some exquisitely beautiful notes, but with pricing of the GEM notes going through the roof it makes us all a bit apprehensive. A note that would normally be in the \$500 range in 65 now becomes a \$2,000 note in 67 condition. There are many outside our community who are buying the holder and not the note...figuring if the note is a 67 then it's worth a 3x to

4x premium. It's all about building the registry set and not for the love of the hobby. Further when looking at the notes on the HA website I see nice looking notes; some which appear over-graded.

But enough dwelling on the negative, this auction presents an exciting assortment of excellent quality fractionals and we should all embrace the opportunity to perhaps possess best in class.

So I will end the first part right here and pick things up after the auction.

---

**1/10/13**

Well the Heritage FUN Show is over. I participated via Heritage on line and bidding was spirited and pricing was strong. And on the gem notes, the demand seems insatiable. Though with some many notes in '67' grade, prices were not at all-time highs. Aside from all the gem notes, there was a decent offering on sheets, Grant-Sherman Specimens. An uncut pair of Fr.1310a went for \$7,050. The rare Fr.1351 went for \$23,500 and Fr.1354 for \$28,800. A rare Fr.1296 in PMG67 Fessenden with the misplaced 'a' went for a very strong price of \$11,750. The Fr.1371 Justice fiber with '1','a' in PMG65 fetched \$15,275. A super strong price.

Being the plate number freak that I am, I'd be remiss if I did not mention a discovery piece. I've been cataloging 4<sup>th</sup> issue seal plate numbers for years. The highest recorded seal plate number on the Fr.1301-Fr.1307 was 24. However, there was an Fr.1302 in the FUN Auction graded PMG67 with seal plate #29. This is a very exciting discovery since it extended the known 4<sup>th</sup> issue seal plate number range from 24 to 29. It sold for \$1762...which is a very strong price indeed.



All in all while prices were high and there may be a little grouching by this writer and some of my constituents, I think this is good for the hobby and very good for the value of our collection. The grading issue will continue to rage, but us collectors, especially the ones who've been in it for a number of years, have seen our collections rise over the years and while we are not in the same price league as our brothers in coin collecting, the gap has certainly been narrowed.

